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February 7, 2003

**HAND DELIVERED**

Joel H. Peck, Clerk  
State Corporation Commission  
Document Control Center – First Floor  
1300 East Main Street  
Richmond, Virginia 23219

**Re: Ex Parte: In the matter concerning the provision of default service to retail customers under the provisions of the Virginia Electric Utility Restructuring Act**  
**Case No: PUE-2002-00645**

Dear Mr. Peck:

Enclosed for filing are an original and 15 copies the *Comments of the Virginia Committee for Fair Utility Rates and the Old Dominion Committee for Fair Utility Rates* in the above matter.

If you have any questions, please contact me. Thank you for your assistance.

Very truly yours,

Edward L. Petrini

Enclosures

cc: Parties on Service List

#627259

**COMMONWEALTH OF VIRGINIA**  
**STATE CORPORATION COMMISSION**

**At the relation of the**

**STATE CORPORATION COMMISSION**

**CASE NO. PUE-2002-00645**

**Ex Parte: In the matter concerning  
the provision of default service to retail  
customers under the provisions of the  
Virginia Electric Utility Restructuring Act**

**COMMENTS OF THE  
OLD DOMINION COMMITTEE FOR FAIR UTILITY RATES AND THE  
VIRGINIA COMMITTEE FOR FAIR UTILITY RATES  
ON THE COMMISSION'S DETERMINATION OF THE COMPONENTS OF  
DEFAULT SERVICE**

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On December 23, 2002, the Commission entered its Order Establishing Investigation ("Order") directing the Commission's Staff, among other things, to conduct an investigation to determine the components of default service for electricity customers in Virginia. The Commission required the Staff, as part of the investigation, to form and participate in a work group that would assist the Staff in developing its recommendations regarding such components and the establishment of one or more programs making default services available to retail customers pursuant to Va. Code § 56-585. The Order invited comments on the Commission's determination of the components of default service and posed a number of related questions.

The Old Dominion Committee for Fair Utility Rates and the Virginia Committee for Fair Utility Rates (collectively, "the Committees") submit the following comments in response.

### Comments

As the Order acknowledges, there is a “virtual absence of competition in Virginia’s retail generation market.” The Commission is all too familiar with factors that contribute the current state of this market. They include market conditions and incumbents’ capped rates; delays in the implementation of utility obligations to join regional transmission organizations; and the methodology applied by the Commission to the calculation of wires charges (a methodology based on achieving short-term “revenue neutrality” for the incumbent if its customer elects to purchase from a competitive supplier).

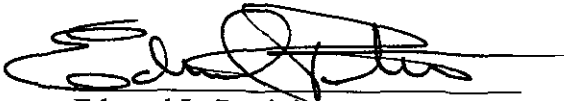
In view of the virtual absence of competition and the factors that contribute to it, the Commission should consider whether it is timely for it to attempt to determine the components of default service and establish default service programs. Before determining such components and establishing such programs, the Commission might consider inquiring into what, if any, components of default service would-be providers of such service are able and willing to provide, and under what conditions. In the absence of such information, attempting to “determine the components” of such service may be premature, with the Commission embarking upon a time-consuming, but ultimately academic, undertaking.

The Committees appreciate the opportunity to comment, participate in the work group, and assist the Commission in fulfilling its responsibility pursuant to Va. Code § 56-585.A.

Respectfully submitted,

VIRGINIA COMMITTEE FOR FAIR UTILITY RATES  
OLD DOMINION COMMITTEE FOR FAIR UTILITY RATES

By Counsel

A handwritten signature in black ink, appearing to read 'Edward L. Petrini', with a horizontal line extending to the right.

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**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing was mailed, first-class, postage pre-paid, to the parties on the attached service list.

A handwritten signature in black ink, appearing to read "Edward L. Petrini", is written over a solid horizontal line.

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